News Release

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COUNTY COMMISSIONERS MOVE THE NEEDLE AND MEET GOAL: EMPLOYEE PENSION PLAN FUNDING INCREASES TO NINETY PERCENT

FREDERICK, MD – The Frederick Board of County Commissioners today received a presentation of the Actuarial Valuation Report as of July 1, 2013, for Fiscal Year 2015 for the Frederick County Employees Retirement Plan.

Board President Blaine Young commented, "We are pleased to hear today's report on the employees' retirement plan because this board has been laser focused on the health and long-term sustainability of the retirement benefit plan. In spite of coming through some of the worst economic years, we continue to improve the funding ratio. When we started in office, the funding ratio was 79 percent. This board, along with our Finance Division and Human Resources Division, committed to the constant review of the pension plan and to make plan changes based on long-term sustainability so that we keep a healthy, well-funded ratio.

"Last June when we sat before the bond rating agencies in New York City and presented the changes made to the retirement plan, we emphasized our commitment to reaching the goal of 90 percent funded. They favorably recognized our commitment and making prudent decisions, not putting taxpayers at risk like other jurisdictions. We have been good to our word and met our goal."

The plan changes put into effect on July 1, 2011, and July 1, 2012, along with the uniformed employee contribution increase from eight percent to nine percent and the non-uniformed employee contribution increase from four percent to six percent will result in an increase of the plan's funding level over the next six years. According to Bolton Partners, Inc., as of July 1, 2013, the plan is funded at 90 percent (on a market value basis).

As of July 1, 2013, the actuary's valuation report shows that the blended employer contribution of 20.2 percent contributed to the plan by the county along with the employees' contributions exceeded the required contribution. This board promised the employees that the county would not decrease its contribution to the plan despite the increase in the employee contributions.

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For July 1, 2014, the board approved a blended contribution of 20.6 percent (well above the required contribution) and a one-time additional contribution of \$1.0 million dollars -- demonstrating this board's commitment to insuring the plan is well-funded.

There are a total of 1,779 active participants as of June 30, 2013. The market value of plan assets, after subtracting liabilities of the plan, was \$376,512,786 as of July 1, 2013, as compared to \$316,448,361 as of July 1, 2012. During the plan year, the plan experienced an increase in net assets of \$60,064,425. The increase includes unrealized appreciation and depreciation in the value of plan assets.

The plan's total market value includes employer contributions of \$19,971,589, employee contributions of \$6,774,650, total disbursements of \$14,383,392 (includes benefit payments and administrative and investment management expenses) and asset gains. The plan's assumed expected rate of return is 7.5 percent and the actual return for this period was 14.8 percent.

For additional information or to obtain a copy of the valuation report, call the Human Resources Division at 301-600-1070.

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